

Act No. 273
Public Acts of 1990
Approved by the Governor
December 3, 1990
Filed with the Secretary of State
December 3, 1990

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1990**

Introduced by Reps. Alley, Bartnik, Middaugh and DeMars

ENROLLED HOUSE BILL No. 5688

AN ACT to amend section 258 of Act No. 230 of the Public Acts of 1987, entitled as amended "An act to authorize certain local governmental units to incorporate municipal health facilities corporations and subsidiary municipal health facilities corporations for establishing, modifying, operating, and managing health services and acquiring, constructing, adding to, repairing, remodeling, renovating, equipping, and re-equipping hospitals and other health care facilities and related purposes; to provide for the application of this act to existing municipal hospitals and for the transfer of ownership of hospital funds and personal property; to validate and ratify the existence, organization, actions, proceedings, and board membership of existing organizations acting as county public hospitals; to provide for the appointment of trustees; to grant certain powers of a public body corporate to health facilities corporations and subsidiary health facilities corporations; to empower certain local governmental units to encumber property for the benefit of, transfer or make property available to, issue bonds to construct facilities to be used by, appropriate funds for, and levy a tax for, municipal health facilities corporations and subsidiary municipal health facilities corporations; to empower certain local governmental units to guarantee obligations of municipal health facilities corporations and subsidiary municipal health facilities corporations and to permit certain local governmental units to pledge their full faith and credit to pay such guaranties; to provide for transfer of ownership or operation of health care facilities and health services to nonprofit health care organizations; to authorize municipal health facilities corporations and subsidiary municipal health facilities corporations to borrow money and issue notes for the purposes of meeting expenses of operation and to issue corporation obligations for the purpose of acquisition, construction, repair, remodeling, equipping or re-equipping of health care facilities and for the refinancing, refunding, or refunding in advance of indebtedness of the municipal health facilities corporations or the subsidiary municipal health facilities corporations or of indebtedness of certain local governmental units undertaken on their behalf; to authorize municipal health facilities corporations and subsidiary municipal health facilities corporations to enter into mortgages, deeds of trust, and other agreements for security which may include provisions for the appointment of receivers; to exempt obligations and property of municipal health facilities corporations and subsidiary municipal health facilities corporations from taxation; and to provide other rights, powers, and duties of municipal health facilities corporations and subsidiary municipal health facilities corporations," as added by Act No. 502 of the Public Acts of 1988, being section 331.1258 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 258 of Act No. 230 of the Public Acts of 1987, as added by Act No. 502 of the Public Acts of 1988, being section 331.1258 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 258. (1) Each board of trustees and subsidiary board of a corporation incorporated by a city or village shall consist of not fewer than 5 or more than 15 trustees. The exact number of trustees and the length of their terms of office shall be as specified in the articles of incorporation. Except for the initial appointments to boards of trustees and subsidiary boards of newly incorporated corporations and subsidiary corporations, terms of office begin on January 1. Terms of office shall be staggered so that an approximately equal number of terms expire at the end of each year or each 2 years, except that terms may be fixed so that the shortest terms do not expire until the end of the second year following the incorporation of a corporation or a subsidiary corporation. Notwithstanding any other provision of this subsection, trustees shall serve until their successors are appointed.

(2) Upon incorporation of a corporation or subsidiary corporation by a city or village pursuant to this act, the city council or village council shall appoint trustees to all positions on the board of trustees. The terms of office of trustees serving on the board of a city public hospital or village public hospital before incorporation under this act shall not be diminished, except that the adopted articles may prospectively establish new lengths of terms of office for the board of trustees, and may prospectively alter the board size. Upon incorporation of a subsidiary corporation, and during the September preceding the expiration of all terms of office of trustees of corporations and subsidiary corporations, the board of trustees of the corporation or parent corporation shall submit to the city council or village council the names of 3 qualified nominees for each new or expiring term, other than the term of the chief executive officer on the board of trustees, if the chief executive officer of the corporation serves as a member of the board of trustees. The city council or village council, at a meeting in that or the following month, shall consider the nominations and shall make appointments for the board of trustees or subsidiary board from among the persons nominated as considered appropriate by the city council or village council. The city council or village council is not required to fill a position with 1 of the 3 persons nominated, but if the city council or village council declines to do so, it shall request that the board of trustees provide the city council or village council with 3 additional nominees for the position within 30 days, and shall continue to consider nominees and request additional nominees in the manner provided in this subsection until the position is filled.

(3) Trustees shall be chosen with reference to their fitness for the office, but not more than 1/3 of the trustees serving at any time shall be direct providers of health care. The articles of incorporation may require that the trustees be citizens of the city or village. Trustees of the parent corporation, including its chief executive officer, and the chief executive officer of a subsidiary corporation are eligible for appointment to a subsidiary board, and these offices are not incompatible. Trustees are eligible for reappointment.

(4) Before the tenth day after commencement of their term of office, trustees shall qualify by taking the oath provided by section 1 of article XI of the state constitution of 1963.

(5) A trustee of a corporation incorporated by a city or village may be removed from office for cause either by vote of a majority of the members then serving on the city council or village council or by vote of a majority of the members then serving on the board of trustees of the corporation. A trustee of a subsidiary corporation may be removed from office for cause either by vote of a majority of the members then serving on the city council or village council or by vote of a majority of the members then serving on the board of trustees of the parent corporation. As used in this subsection, "cause" includes, but is not limited to, incompetency to properly exercise duties; official misconduct; or habitual or willful neglect of duty, including, but not limited to, failure to attend meetings, including committee meetings, in accordance with standards determined by the board of trustees of the corporation or subsidiary board.

(6) A trustee shall not be removed from office on grounds of misconduct or neglect unless the trustee is served with a notice of hearing and a copy of the asserted ground for removal, and is given full opportunity to be heard, either in person or by counsel, before a vote is taken on the question of removal from office.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.

